weekly economic review

October 4, 2013

Bankruptcies

Insolvencies trend sharply lower

The number of Alberta businesses filing for bankruptcy fell 43.8% year-over-year in July, marking twelve straight months of declines. Fewer Alberta residents are facing bankruptcy, with filings falling 21.3% over the same month last year. While Alberta bankruptcies continue to trend well below last year's levels, national bankruptcies have leveled off after several months of declines (see chart).

Price Indices

Industrial product prices increase

The Industrial Product Price Index (IPPI), which measures the gate price Canadian manufacturers receive for their products, increased in August by 1.7% over August 2012. This is the largest increase since March 2012. Prices were affected by a 4.4% increase in the price of petroleum and coal products, principally diesel fuel and gasoline. Since many Canadian producers quote their prices in US dollars, the depreciation of the Canadian dollar also caused the IPPI to increase.

Oil drives raw material prices higher

Raw materials prices rose 5.0% year-over-year in August. The increase was mostly due to higher mineral fuel prices, particular higher oil, natural gas and coal prices.

Canada Real GDP by Industry

GDP recovers after record fall in June

Canadian real gross domestic product (GDP) jumped 0.6% in July after falling 0.5% in June. Many industries saw production fall substantially in June in part because of a labour dispute in Quebec and flooding in southern Alberta. Most of these industries saw production bounce back in July. Goods production increased 1.2% after falling 0.9% in June. The recovery was attributable to rebounds in construction, which was up 1.9% (-2.1% in June) , and manufacturing, which was up 1.1% (-1.0% in June). Similarly, services production rose 0.3% in July after falling 0.3% in June, as wholesale and retail trade rebounded sharply.

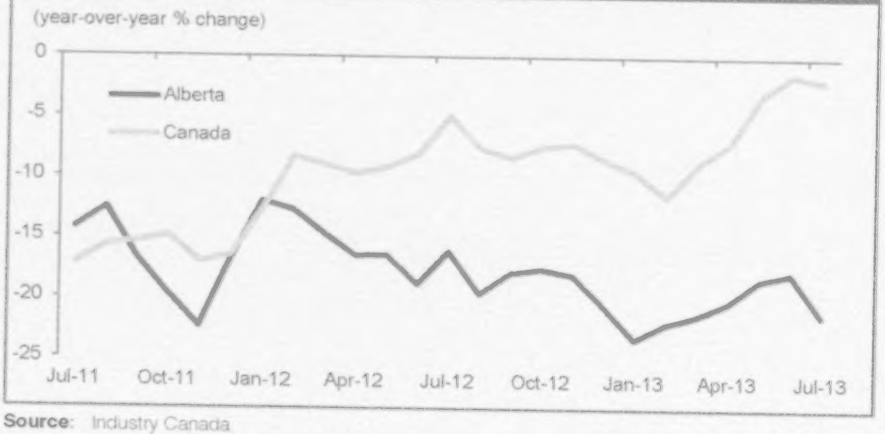
GDP growth in the oil and gas sector moderated to 0.2% in July from 2.1% in June. The increase was entirely due to a 0.3% gain in conventional oil and gas extraction.

US Government Shutdown

Shutdown delays jobs report

The September US jobs report was not released today as originally scheduled, due to a partial US government shutdown which has immediately impacted about 800,000 federal jobs. The US congress failed to agree on a new budget that would keep the government fully funded, beyond October 1st. The shutdown adds to the uncertainty created by political brinkmanship in the lead up to the October 17th deadline for raising the debt ceiling. Republicans have asked for a number of policy concessions, including changes to the healthcare law, in exchange for a higher debt limit to keep government programs running.

Total Bankruptcies*



Source: Industry Canada
*Three month moving average

Closing Price	Sept. 26, 2013	Oct. 3, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	96.89	96.87	97.00
WTI Oil ($US/bbl)	103.03	103.31	100.06
NYMEX Natural Gas($US/MMBtu)	3.50	3.50	3.78

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Alberta Economic Indicators

Population	2011	2012	2013YTD	Mar	Apr	May	June	July	Aug
Population (000's)	3,778	3,874	3,965	--	3,965	--	--	--	--
y/y % change	1.5	2.5	3.2	--	3.2	--	--	--	--
Net Interprovincial Migration[1]	8,443	26,170	38,886	--	13,438	--	--	--	--
Net International Migration[1]	16,703	37,990	30,779	--	13,674	--	--	--	--
Net Non-permanent Residents[1]	2,604	9,721	9,762	--	6,949	--	--	--	--
Labour Market									
Employment (000's), SA	2,094	2,150	2,189	2,166	2,183	2,201	2,201	2,217	2,232
y/y % change	3.8	2.7	2.3	1.7	1.9	2.3	2.6	3.0	3.6
Unemployment Rate (%), SA	5.5	4.6	4.6	4.8	4.4	4.8	5.0	4.5	4.8
Participation Rate (%), SA	73.7	73.4	72.9	72.6	72.5	73.2	73.1	73.0	73.6
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,101.73	1,098.08	1,099.83	1,119.34	1,109.80	--	--
y/y % change	4.4	3.6	4.0	3.4	3.5	5.4	3.9	--	--
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.4	1.2	1.3	2.3	2.3	2.2	1.4
Excluding food and energy	0.8	1.4	1.3	1.2	0.9	1.1	1.6	1.9	1.6
Non-Res. Building Const. Price Index[2] (y/y % change)	3.4	3.8	1.1	1.4	--	--	0.9	--	--
Farm Product Price Index (y/y % change)	18.1	6.3	4.9	4.4	4.9	5.9	5.3	--	--
Crops	19.0	6.7	8.0	9.3	7.0	7.2	5.9	--	--
Livestock	17.2	5.9	2.2	-0.2	2.9	4.8	4.7	--	--
Household Sector									
Housing Starts (SAAR, 000's)	26.5	33.3	35.3	35.1	39.8	42.4	36	33.7	26.9
y/y % change	-5.0	30.7	7.3	-1.0	0.3	26.4	12.4	1.4	7.9
New Housing Price Index[3] (y/y % change)	0.4	1.3	2.6	2.4	2.5	2.7	2.9	3.0	--
Edmonton	0.9	0.9	0.6	0.6	0.4	0.2	0.6	0.6	--
Calgary	-0.1	1.7	4.7	4.3	4.7	5.3	5.3	5.8	--
MLS Average Resale Prices ($ 000's)	352.7	362.0	377.7	378.0	375.8	375.6	376.5	378.7	387.9
y/y % change	0.5	2.6	4.9	5.8	4.9	2.9	4.4	4.9	6.8
Edmonton ($ 000's)	324.2	333.7	341.7	342.3	345.3	339.6	344.7	340.4	347.3
y/y % change	-0.7	2.6	2.9	3.3	4.7	1.1	3.7	2.9	4.1
Calgary ($ 000's)	401.9	410.8	433.3	435.2	425.4	424.8	431.0	439.7	441.8
y/y % change	1.1	2.2	6.4	7.6	3.5	2.6	5.3	6.8	8.0
Retail Sales, SA (y/y % change)	6.8	6.9	6.5	5.1	6.8	7.3	7.7	--	--
New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.6	-0.1	19.7	7.0	3.4	6.5	--
NEW: Consumer Bankruptcies	7,029	5,759	2,945	429	464	434	375	385	--
y/y % change	-13.6	-18.1	-18.8	-24.5	-11.3	15.7	22.5	-21.4	--
Business Sector									
Rigs Drilling	286	250	230	306	115	88	115	187	239
y/y % change	30.4	-12.6	-7.4	-9.5	18.2	0.3	-17.3	-5.7	7.0
Goods Exports, customs based (y/y % change)	18.4	1.8	2.1	0.0	-1.0	11.8	-0.5	13.7	--
Energy	19.2	2.1	2.1	-1.4	-2.4	12.3	-0.4	17.1	--
Farm, Fishing and Intermediate Food	27.2	20.6	0.7	5.4	-6.4	7.1	16.0	5.8	--
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	9.3	--	--	--	--	--
Manufacturing Shipments, SA (y/y % change)	17.3	3.4	0.6	-3.6	3.6	1.1	4.0	2.9	--
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.4	2.6	0.2	0.6	1.4	2.8	--
Building Permits, SA (y/y % change)	11.8	14.7	22.9	38.6	11.4	1.2	21.6	50.1	--
Residential	5.2	17.7	17.0	14.6	18.4	12.3	16.6	29.8	--
Non-residential	20.9	11.6	30.4	72.1	5.1	-12.0	28.5	78.0	--
NEW: Business Bankruptcies	264	230	86	12	15	11	9	9	--
y/y % change	-30.2	-12.9	-46.7	-36.8	-25.0	60.7	-59.1	-43.8	--

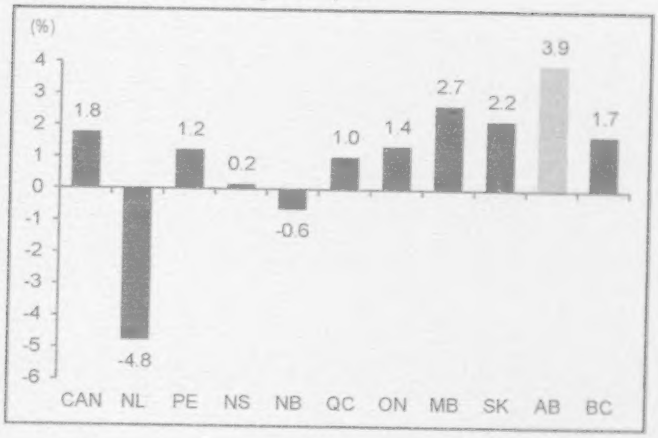
1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

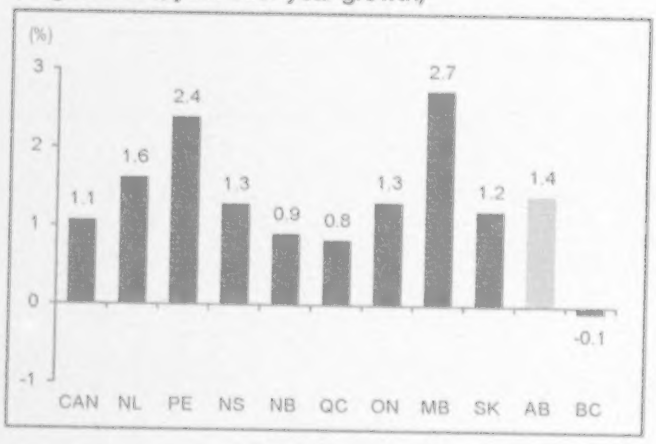
All historical data are subject to revision.

Economic Indicators by Province

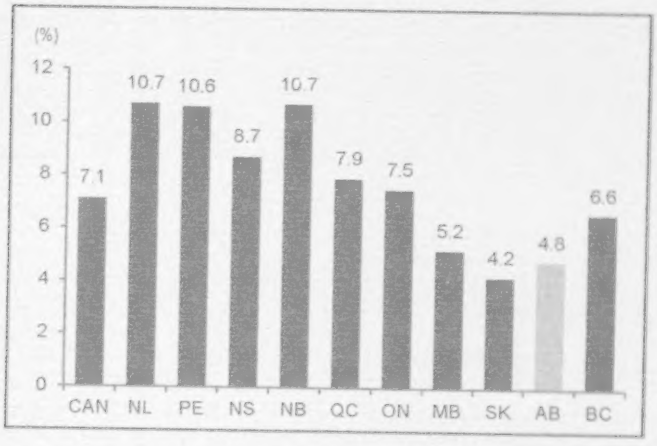
Real GDP by Industry
(2012, year-over-year growth)



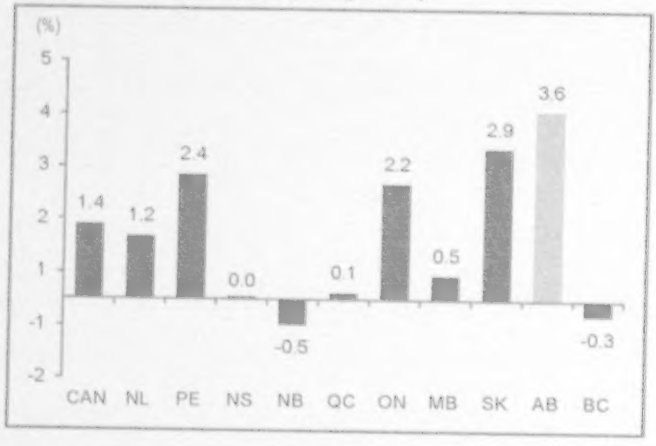
CPI Inflation
(August 2013, year-over-year growth)



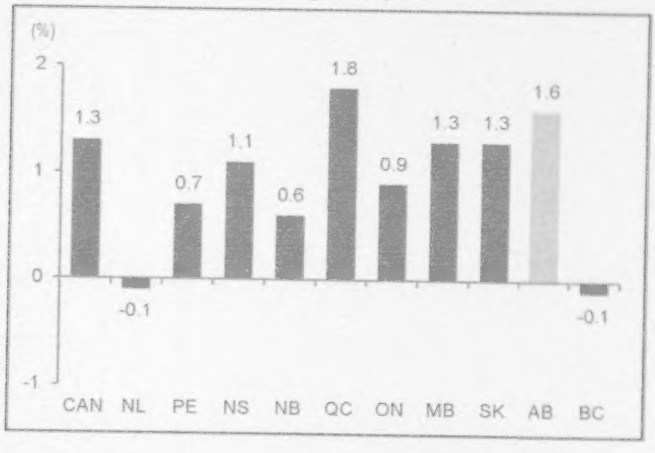
Unemployment Rate
(August 2013)



Employment
(August 2013, year-over-year growth)



Average Weekly Earnings
(July 2013, year-over-year growth)



Housing Starts
(August 2013, SAAR, year-over-year growth)